CITĒ GESTION
PRIVATE BANK

CORPORATE GOVERNANCE

THE ESSENCE OF FREEDOM

BOARD OF DIRECTORS

The Board of Directors is composed of five independent members:

- M. Germain Steiner, Chairman
- M. Jean-François Ducrest, Vice-Chairman
- Mme Sophie Maillard
- M. Patrick Fritz
- M. Patrick Voegeli

The Board acts without committee and takes all decisions during its regular meetings. It may take decisions only if the majority of the members is present.

Professional background and education:
see website under « Our Team – Board of Directors»

EXECUTIVE COMMITTEE

The Executive Committee (ExCo) composition:

- M. Guy Barbey, CEO
- M. Laurent Kramer, Deputy CEO, Responsible for Lausanne's Office
- M. Christophe Utelli, Deputy CEO, COO
- M. Sébastien Micotti, Responsable du Legal & Compliance
- M. Daniel Steffen, Responsible for Zürich's office

Professional background and education:
see website under « Our Team – Board of Directors»

CITÉ GESTION STRATEGIC MANAGEMENT OF RISKS AND RISK PROFILE

The risks inherent in Cité Gestion activities can be categorized as follow:

- Financial risks: credit, counterparty & market risks;
- Operational risks: business relationship, investment (customer asset management), fraud, cyber and business continuity risks;
- Reputational risk resulting from mismanagement of the above-mentioned points.

Board of Directors:

The primary responsibility for risk policy rests with the Board of Directors. It adopts the general principles of the internal control system (ICS) and the tolerance and risk limits ("Risk Appetite"). It reviews Cité Gestion's risk policy and takes the necessary corrective measures annually.

Executive Committee:

The Executive Committee implements the risk policies adopted by the Board of Directors and reports at each meeting or more often if necessary. It ensures the consistency of the internal control system and the activity of the various committees and functions that make up the ICS.

Other active committees:

- Diligence Committee
- Risk Committee
- Credit Committee
- ALM Committee
- Investment Committee

The active functions within the ICS are:

- Risk Management
- Legal
- Compliance
- Central File
- Finance
- Operations

CONTROL ARCHITECTURE

Three levels of controls can be distinguished:

- The first level of controls is performed by the operational and commercial teams and is integrated in the work processes, carried out daily and based on internal directives and procedures.
- The second level of controls is performed by the Committees and functions active within the ICS in their respective areas of expertise.
- The third level of controls is ensured by Internal Audit (outsourced to KPMG).

A fast and concise management information system (MIS) completes the ICS in order to guarantee adequate decision-making and Cité Gestion's ability to react to any given situation.

The external auditor Pricewaterhouse Coopers assesses the effectiveness of the ICS of Cité Gestion at least once a year.

Credit risks:

Cité Gestion only grants Lombard loans or guarantees, in accordance with the rules on pledging and the concentration limits in force. In principle, it does not grant credit without collateral. Cité Gestion does not grant any mortgage. Credit risk management is defined in the Credit Directive. To date, Cité Gestion has not incurred any credit losses.

Counterparty risks:

The main counterparty to Cité Gestion is the Swiss National Bank (SNB). To facilitate its clients' operations, cash is held with the Lombard Odier Group, to which most of Cité Gestion's IT and operational activities have been outsourced.

Market risks:

Cité Gestion does not trade for its own account and does not actively take foreign exchange risk on its balance sheet. For collateral reasons with the Lombard Odier Group, a portfolio of high quality bonds is held and managed within strict limits defined by the Board of Directors (Treasury Directive).

Risks related to business relationships:

Cité Gestion opened its first account at the beginning of 2010 and immediately applied the strictest rules regarding cross border and acceptance of relationships according to their taxation. In this sense, Cité Gestion has no legacy business. The Compliance Department reviews money laundering and terrorist financing risks as well as compliance with national and international sanctions lists on a daily basis. To date, there have been no cases of review by the judicial or supervisory authorities. The Legal service also deals with possible claims and disputes of customers or counterparties.

Investment risks:

Investment risk is at the heart of Cité Gestion's business. The resources committed to this risk are intended to ensure that investment decisions comply with the investment objectives and restrictions specific to each mandate, as well as with internal and regulatory directives (in particular the rules of conduct and the directives concerning the asset management mandate of the Swiss Bankers Association (SBA)). Investment risk management is defined in the Investment Risk Directive.

Fraud risk:

The fraud risk can be of external nature (execution of transfers on client's or company's accounts by unauthorized persons) or internal (transfers performed by employees for their profit and with a loss for clients or the company). To ensure the safety of the clients' assets and the ones of the bank, strict rules have been defined and are applied continuously by the control function in the ICS. Every breach is immediately addressed.

Cyber-risk:

Cité Gestion has outsourced the majority of its IT to the Lombard Odier Group, Microsoft, Bechtle and Swisscom, which ensure the security of its respective tools. Cité Gestion carries out an appropriate monitoring concerning the measures taken by its service provider in the Cyber-risk field. In addition, Cité Gestion has set up a process with partners in the event of the occurrence of such a risk, which is structured according to the following phases: forensic investigations, repair and restoration countermeasures, legal management, notification(s) to the authorities. To date, no such risk has occurred at Cité Gestion.

Business continuity:

Cité Gestion has developed a Business Continuity Plan (BCP) in collaboration with its partner in the field (Lombard Odier Group, Microsoft, Bechtle and Swisscom) in line with the recommendations of the Swiss Banking Association (SBA) and the requirements of FINMA. It protects critical processes for Cité Gestion's business in the event of a crisis through preventive measures and the creation of computer back-ups. The BCP includes a risk analysis, identifications of needs and expectations, as well as a recovery strategy. The priorities of the BCP are: people's safety, the ability to make and execute decisions, and the full recovery of the most critical processes within a pre-defined period of time. The BCP has never been triggered at Cité Gestion, even though it is tested on a regular basis.

CITÉ GESTION
PRIVATE BANK

BASEL 3 – 3rd PILLAR

THE ESSENCE OF FREEDOM

PURPOSE AND SCOPE OF THIS REPORT

This document aims to provide counterparties, external analysts, rating agencies, control bodies and our clients with detailed information regarding to Cité Gestion risk management. This document provides information about the capital adequacy, the risk assessment methods and the level of risks taken by Cité Gestion. This document has been prepared according to the conditions defined in FINMA Circular 2016/1 'Disclosure – banks' from the Swiss Financial Market Supervisory Authority.

KM1 : KEY METRICS

	31.12.2024 In thousands CHF	31.12.2023 In thousands CHF	31.12.2022 In thousands CHF	31.12.2021 In thousands CHF
Available capital				
1. Common Equity Tier 1 (CET1)	24 868	24 237	23 627	17 559
2. Tier 1	24 868	24 237	23 627	17 559
3. Total capital	24 868	24 237	23 627	17 559
Risk weighted assets (RWA)				
4. Total RWA	165 975	136 244	111 020	93 190
4a. Minimal capital requirement	13 278	10 899	8 882	7 455
Risk-based capital ratios as a percentage of RWA				
5. Common Equity Tier 1 ratio (%)	15.0%	17.8%	21.3%	18.8%
6. Tier 1 ratio (%)	15.0%	17.8%	21.3%	18.8%
7. Total capital ratio (%)	15.0%	17.8%	21.3%	18.8%

KM1 : KEY METRICS

Additional CET1 buffer requirements as a percentage of RWA	31.12.2024 In thousands CHF	31.12.2023 In thousands CHF	31.12.2022 In thousands CHF	31.12.2021 In thousands CHF
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%
9 Countercyclical buffer requirement (%)	-	-	-	-
10 Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-
11 Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%
12 CET1 available after meeting the bank's minimum capital requirements (i.e., after the CET1 allocated to minimum capital requirements and any TLAC requirements) (%)	8.5%	9.8%	13.3%	10.8%

FINMA capital ratio requirements as a percentage of RWA				
12a CET1 buffer (CAO, Annex 8)	2.5%	2.5%	2.5%	2.5%
12b Countercyclical buffer (CAO, Art 44 and 44a) (%)	0.0%	0.0%	0.0%	0.0%
12c CET1 total requirement in accordance with Annex 8 of CAO plus countercyclical buffer (CAO, Art 44 and 44a) (%)	7.0%	7.0%	7.0%	7.0%
12d Tier 1 total requirements countercyclical buffer (CAO, Art 44 and 44a) (%)	8.5%	8.5%	8.5%	8.5%
12e Total regulatory capital requirement in accordance with Annex 8 of CAO plus countercyclical buffer (CAO, Art 44 and 44a) (%)	10.5%	10.5%	10.5%	10.5%

KM1 : KEY METRICS

	31.12.2024 In thousands CHF	31.12.2023 In thousands CHF	31.12.2022 In thousands CHF	31.12.2021 In thousands CHF
Basel III leverage ratio				
13 Total Basel III leverage ratio exposure measure	336 788	311 862	438 745	423 562
14 Basel III leverage ratio (%)	7.4%	7.8%	5.4%	4.1%
Liquidity Coverage Ratio (LCR)				
15 Total high-quality liquid assets (HQLA)	101 593	79 461	253 094	267 721
16 Total net cash outflow	14 453	16 522	68 894	115 374
17 Liquidity coverage ratio, LCR (%)	702.9%	480.9%	367.4%	232.0%
Net stable funding ratio (NSFR)				
18 Available stable refinancing	213 787	203 696	262 512	199 574
19 Required stable refinancing	101 206	82 875	80 245	54 888
20 Net stable funding ratio (NSFR) (%)	211.2%	245.8%	327.1%	363.6%

OV1 : MINIMAL CAPITAL REQUIREMENT – DETAILS

	31.12.2024	31.12.2023	31.12.2022	31.12.2021
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
1. Credit risk (excluding CCR - counterparty credit risk)	4 946	3 758	2 868	2 527
20. Market risk	345	577	617	412
24. Operational risk	7 987	6 564	5 337	4 516
25. Amounts below the threshold for deduction (subject to 250% risk weight)	0	0	0	0
27 Total	**13 278**	**10 899**	**8 822**	**7 455**

CR1 : CREDIT QUALITY OF ASSESTS

	a	b	c	d
	Gross carrying values of			
	Defaulted exposures	Non-defaulted exposures	Allowances / impairments	Net values
1 Loans (excluding debt securities)	0	152 057	0	152 057
2 Debt securities	0	38 493	0	38 493
3 Off-balance-sheet exposures	0	24 096	0	24 096
4 Total	**0**	**214 646**	**0**	**214 646**

CR3 : CREDIT RISK MITIGATION TECHNIQUES – OVERVIEW

	a	b1	b	d
	Exposures unsecured / carrying amount	Exposures secured / carrying amount	Of which: exposures secured by collateral	Of which: exposures secured by financial Guarantees
1 Loans (including debt securities)	791	189 759	189 759	0
2 Off-balance-sheet operations	843	23 253	23 253	0
3 Total	**1 634**	**213 012**	**213 012**	**0**
4 of which defaulted	0	0	0	0

IRRBB Interest rate risk : objectives and risk management framework of the interest rate risk

A) Definition of the Interest Rate Risk (IRRBB)

The interest rate risk corresponds to the risk to the bank's equity and its interest income. The variations of interest rates influences the economical value of the assets, liabilities and off-balance sheet positions. They also have an influence on the interest income of the bank.

B) Strategies to manage and reduce the IRRBB

According to FINMA circulars 2019/2 Interest Rate Risk and 2016/1, the Bank defined a framework to manage interest rate risks. The supervisory body for interest rate risk is the Board of Directors, which determines the principles of risk management and the target levels.

C) Periodicity and indicators to assess interest rate risk

The indicators of the interest rate risk are determined quarterly :

- Economical variation of equity (base equity) : EVE.
- Effect on income: Net Interest Income: NII.

D) Stress tests

The Bank uses the following scenarios:

- Parallel shift of +150 basis points,
- Parallel shift of -150 basis points,
- Increase in the slope of the curb (short term rates decreasing and long term rates increasing),
- Decrease of the slope of the curb (short term rates increasing and long term ones decreasing),
- Increase in the short term interest rates,
- Decrease in the short term interest rates.

E) Model Hypotheses

There is no divergent hypothesis.

F) General description of how the Bank covers the IRRBB

The risk appetite is small. The Bank limits its exposure to interest rate risk. It ensure that the composition of the ALM Committee is adequate, with a majority of members independent from the Front. The ALM Committee is coming together as soon as necessary and has the necessary knowledge and competencies to achieve its objectives.

G) Key hypotheses and parameter for the modelling

The numbers presented in the tables hereafter respect the rules of the FINMA circular 2016/1 « Publication – banks ». The 6 interest rate scenarios are defined in the FINMA circular 2019/2 « Interest Rate Risk – banks ». The following paragraphs describe in more details the hypothesis and parameters for the determination of the variation of the economical value of equity ΔEVE and the interest rate margin ΔNII.

1. ΔEVE

For the positions with fixed maturities, the individual cash flows are determined for each position. They are grouped within time buckets.

The positions without maturities are integrated according to replication models.

The future cash flows of all the positions are actualized according to the actual interest rate curve. Its variation according to the 6 scenarios mentioned above gives a precise indication of the rebalancing in the balance sheet.

2. ΔNII

For the renewal of fixed term or variable term positions, the simulated 6 scenarios of interest rate curve change is applied for the next 12 months. The increase and decrease in the interest rate income is determined accordingly.

IRRBBA1 INTEREST RATE RISKS: QUANTITATIVE INFORMATION ON THE STRUCTURE OF POSITIONS AND REDEFINITION OF RATES AT 31.12.2023

	Volumes in CHF millions			Average rate reset times (in years)	
	Total	Of which CHF	Of which other significant currencies representing more than 10% of assets or liabilities of the balance sheet total	Total	Of which CHF
Set Rate Reset Date					
Claims on banks	19	12	6	0.00	0.00
Receivables from customers	144	58	61	0.24	0.25
Money market mortgages					
Fixed rate mortgages					
Financial fixed assets	38	32	6	2.06	2.19
Other receivables					
Receivables arising from interest rate derivatives	64	3	58	0.03	0.02
Commitments to banks					
Commitments resulting from customer deposits					
Cash bonds					
Borrowings and loans from bond issuing centers					
Other commitments					
Commitments resulting from interest rate derivatives	-64	-61	2	0.03	0.03
Rate reset date not set					
Claims on banks					
Receivables from customers	8	6	2	0.22	0.22
Money market mortgages					
Fixed rate mortgages					
Financial fixed assets					
Other receivables					
Receivables arising from interest rate derivatives					
Commitments to banks					
Commitments resulting from customer deposits	-236	-79	-153	0.72	0.72
Cash bonds					
Borrowings and loans from bond issuing centers					
Other commitments					
Commitments resulting from interest rate derivatives					
Total	**-26**	**-29**	**-17**	**0.5**	**0.5**

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IRRBBA1 INTEREST RATE RISKS: QUANTITATIVE INFORMATION ON THE ECONOMIC VALUE OF EQUITY AND INTEREST INCOME (IRRBB1) AT 31.12.2023

The values are those reported to the SNB on the corresponding reporting forms.

in thousands CHF	ΔEVE (change in economic value of equity)		ΔNII (change in net interest income)	
Script[1] / Period	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Parallel rise	897	589	-610	-195
Parallel decline	-996	-658	603	195
Curve steepening {so-called steepener shock [2]}	37	-32	-	-
Curve flattening {shock said flattener [3]}	161	147	-	-
Increase in short-term rates	499	341	-	-
Lower short-term interest rates	-558	-386	-	-
Maximum[4]	-996	-658	-610	-195

	31/12/2024	31/12/2023
Core capital (Tier 1)[5]	24 869	24 237

[1] Including currency positions (in thousands of CHF).

[2] Lower short-term interest rates, combined with higher long-term interest rates.

[3] Rise in short-term interest rates, associated with a fall in long-term interest rates.

[4] Highest positive amount.

[5] Equity after distribution of the result.

IRRBB – INTEREST RATE RISK: QUANTITATIVE INFORMATION ON ECONOMIC VALUE OF EQUITY AND NET INTEREST INCOME (IRRBB1) AS OF 31.12.2024

Interest Rate Risk in the Banking Book (IRRBB) refers to the current or future risk to the Bank's capital and net interest income arising from fluctuations in interest rates.
The Bank defines its risk-taking strategy for interest rate risk in the banking book by setting limits approved by the Board of Directors, based on available capital and current income levels.

The Bank has adopted the following assumptions and parameters for regulatory calculations:

- For all Category II positions, a static approach is applied. Sight deposits in private and current accounts follow the strict recommendation of the Basel Committee. They are considered 65% overnight and 35% replicated over 4 years (average maturity of 2 years). Customer loans are replicated at 70% over 3 months and 30% over 1 year.

- For Category III and IV positions, no assumptions are made regarding the interest rate reset period; no cash flows are reported.

- Each position is subjected to six shock scenarios in accordance with Annex 2 of FINMA Circular 2019/2.

- Cash flows are discounted based on SOFR rates, and intermediate rates are determined using linear interpolation.

- The income effect is calculated assuming a constant balance sheet, where both the size and structure are maintained, with maturing assets and liabilities replaced on a like-for-like basis.

The limits defined within the Bank's organizational framework are as follows:

- The negative sensitivity (loss) of capital must not exceed 15% of the economic value of equity.

- The negative sensitivity (loss) of net interest income must not exceed 35% of the projected result in the latest budget.

The Bank applies the standardized interest rate shock scenarios under CM 24 of FINMA Circular 2019/2 "Interest Rate Risk – Banks" to calculate the economic value of equity, with segmentation by major currencies.

In general, the Bank is not significantly exposed to interest rate risk, as its main exposure lies in foregone earnings on placements, given that client deposits are non-interest bearing.


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